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World Production and Trade

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Weekly
Roundup

WR 40-85

Oct. 2, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Demand for imported feed grains, particularly in ASIAN markets, may increase because of the recent decline in export availabilities of THAI manioc, the starchy root that can be substituted for feed grains when combined with a protein source. Thailand normally provides 95 percent of the globally traded manioc, most of which has historically gone to the European Community (EC). In 1984/85 (October/September), Thailand is expected to export 2-3 million tons from a total of 6 million tons to a number of non-traditional markets including the Soviet Union, Portugal, Japan, Korea and Taiwan. However, in 1985/86, price declines have apparently caused Thai farmers to divert manioc land to corn and jute, reducing manioc production by 35 percent and exportable supplies by 2 million tons, all of which would have been available for these non-traditional manioc markets.

Imports of high-quality wheat by the UNITED KINGDOM are expected to increase in marketing year 1985/86 as wet weather has resulted in a decline in the production forecast and, more importantly, expectations of low protein levels and excessive moisture. Entries of milling quality wheat into intervention are running far behind last year as rain has delayed the harvest. Along with recent French and Australian purchases, this may indicate that supplies of bread-quality wheat are already low. The unexpected purchase of high-quality Australian wheat is the first such sale since 1977. Normally, the United Kingdom makes most of its third country wheat purchases--approximately 1 million tons per year--from Canada. In spite of increased U.K. needs, the amount of U.S.-origin wheat is expected to increase only slightly. Most of the additional wheat is likely to be supplied by France, Canada, West Germany and Australia.

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DAIRY, LIVESTOCK AND POULTRY

Milk production in FRANCE is expected to total 27 million tons in 1985, 2 percent below 1984, according to the U.S. agricultural counselor in Paris. This decline is attributed to the EC's dairy quota program, which limits the quantity of milk that can be delivered to dairies. In response to the program, French producers culled their herds to reduce the number of cows being milked, reduced the use of purchased dairy feeds and used more milk for feeding purposes, thereby reducing the need for milk replacers.

Currently, it is more profitable for dairy plants to produce cheese than butter and nonfat dry milk (NDM). Cheese production in 1985 consequently is forecast to increase about 2 percent to 1.3 million tons. Butter output is expected to decline by 10 percent this year and NDM to fall 20 percent.

Milk production in CHINA is forecast at 2.8 million tons in 1985, 27 percent above 1984, according to the U.S. agricultural counselor in Beijing. Cows in milk are estimated at 900,000 head, or 23 percent above the 1984 level. Average milk production per cow is around 3 tons, with better farms reporting yields of 5-7 tons. About 70 percent of the dairy cows are black and white or black and white crossed with native yellow cattle. On an annual basis, about 90 percent of the dairy cows are artificially inseminated using mainly Holstein Fresian sires.

The percentage of milk produced on state farms is declining. Currently, state farms account for one-third of China's dairy herd. Milk production on individual households is expanding because of increased profitability. National plans call for significant expansion in the dairy herd. Current patterns indicate most of the expansion will be by individual households.

Meat production in the SOVIET UNION continues to grow as the apparent slaughter of lighter animals pulls down livestock numbers, according to the U.S. agricultural attache in Moscow. Only the poultry sector has been able to increase meat output without reducing inventories. Total meat production on state and collective farms during January-August 1985 was 3 percent above the same period in 1984. For the individual meats, beef was up 4 percent, pork was 1 percent higher, poultry meat increased 6 percent and mutton and goat meat decreased 4.5 percent. Milk and egg production for this time of year are at record levels. Milk output was up 9.5 percent.

Cattle numbers on state and collective farms on Sept. 1, 1985, were reported at 96.9 million head, down slightly from a year ago but 1 million head below last month. Inventories of hogs were reported at 60.3 million, 4 percent below Sept. 1, 1984. Sheep and goat numbers were reported at 128.7 million head, down 3 percent. Poultry numbers on September 1 were up nearly 4 percent.

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COTTON

The state council in CHINA recently approved a report on the 1986 policy concerning the production, purchase and marketing of cotton. The report states that the government's 1985 national procurement contract of 19.5 million bales will also apply to next season's cotton crop. Individual provincial contracts will remain at the 1985 level.

The report calls for local governments to sign cotton contracts with farmers prior to the planting of winter wheat this fall. The 1986 procurement price for cotton grown north of the Huai River (North China Plain) will be 40 percent at the base price and 60 percent at the bonus price. The 1985 procurement price for cotton grown north of the Huai River was 30 percent at the base price and 70 percent at the bonus price. However, at the 1986 price level, cotton will still be substantially more lucrative to grow than alternative crops. The report also states that although area was reduced in 1985, production still exceeds demand and stocks are increasing.

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WASHINGTON, D.C. 20250

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Selected International Prices

| Item | Oct. 1, 1985 | Change from previous week | A year ago |
|------------------------------------|--------------|---------------------------|------------|
| Item | : | : | : |
| : | : | : | : |
| ROTTERDAM PRICES 1/ | \$ per MT | \$ per bu. | \$ per MT |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5%. | N.Q. | -- | 188.50 |
| U.S. No. 2 DNS/NS: 14%.... | 163.00 | 4.44 | +3.00 |
| U.S. No. 2 S.R.W. | 132.00 | 3.59 | +2.00 |
| U.S. No. 3 H.A.D..... | 162.00 | 4.41 | +3.00 |
| Canadian No. 1 A: Durum... | N.Q. | -- | 208.00 |
| Feed grains: | | | |
| U.S. No. 3 Yellow Corn.... | 113.50 | 2.88 | +2.50 |
| Soybeans and meal: | | | |
| U.S. No. 2 Yellow.....10/ | 206.40 | 5.62 | -4.00 |
| Brazil 47/48% SoyaPellets | 176.00 | -- | -2.00 |
| U.S. 44% Soybean Meal.... | 164.00 | -- | -4.00 |
| U.S. FARM PRICES 3/ | | | |
| Wheat..... | 108.75 | 2.96 | +7.3 |
| Barley..... | 59.71 | 1.30 | -.46 |
| Corn..... | 90.94 | 2.31 | +7.9 |
| Sorghum..... | 81.79 | 3.71 2/ | +7.05 |
| Broilers 9/..... | 1029.99 | -- | -10.58 |
| EC IMPORT LEVIES | | | |
| Wheat 5/..... | 102.95 | 2.80 | +6.40 |
| Barley..... | 97.95 | 2.13 | +3.00 |
| Corn..... | 87.65 | 2.23 | +1.25 |
| Sorghum..... | 102.90 | 2.61 | -.20 |
| Broilers 4/ 6/ 8/..... | N.Q. | -- | N.Q. |
| EC INTERVENTION PRICES 7/ | | | |
| Common wheat(feed quality) | 152.50 | 4.15 | +8.0 |
| Bread wheat (min. quality) | 162.90 | 4.43 | +8.5 |
| Barley and all | | | |
| other feed grains..... | 152.50 | -- | +8.0 |
| Broilers 4/ 6/..... | N.Q. | -- | N.Q. |
| EC EXPORT RESTITUTIONS (subsidies) | | | |
| Wheat | 56.80 | 1.55 | -- |
| Barley..... | 62.65 | 1.36 | +10.65 |
| Broilers 4/ 6/ 8/..... | N.Q. | -- | N.Q. |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Twelve-city average, wholesale weighted average. 10/ November shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis October delivery.